

**UNITED STATES BANKRUPTCY COURT
DISTRICT OF MINNESOTA**

In re:

**Jointly Administered under
Case No. 08-45257**

Petters Company, Inc., et al.,
Debtors.

Court File No. 08-45257

(includes:
Petters Group Worldwide, LLC;
PC Funding, LLC;
Thousand Lakes, LLC;
SPF Funding, LLC;
PL Ltd., Inc.;
Edge One LLC;
MGC Finance, Inc.;
PAC Funding, LLC;
Palm Beach Finance Holdings, Inc.)

Court Files Nos.:
08-45258 (GFK)
08-45326 (GFK)
08-45327 (GFK)
08-45328 (GFK)
08-45329 (GFK)
08-45330 (GFK)
08-45331 (GFK)
08-45371 (GFK)
08-45392 (GFK)

Chapter 11 Cases
Judge Gregory F. Kishel

Douglas A. Kelley, in his capacity as the
court-appointed Chapter 11 Trustee of
Debtors Petters Company, Inc. and
PL Ltd., Inc.,

Plaintiff,

vs.

ADV. NO. 10-04396

Westford Special Situations Master Fund, L.P.;
et al.,

Defendants.

**REPLY MEMORANDUM IN SUPPORT OF EPSILON II FEEDER FUND'S MOTION
TO DISMISS**

Epsilon Global Active Value Fund II, Ltd. ("Epsilon II Feeder Fund") respectfully submits this Reply Memorandum in Support of its Motion to Dismiss.

As it noted in its Motion, Epsilon II Feeder Fund invested exclusively in defendant Epsilon Global Active Value Master Fund II, L.P. The Trustee alleges in the Complaint that Epsilon II Feeder Fund was a feeder fund to defendant Epsilon Global Master Fund II, L.P. Complaint at ¶ 22. In either event, there is no dispute that Epsilon II Feeder Fund invested

exclusively with one of the Epsilon Defendants. There are no allegations in the Complaint that Epsilon II Feeder Fund ever received any transfers directly from Petters Company, Inc. ("PCI") or PL Ltd., Inc. ("PL").

The argument advanced by Epsilon II Feeder Fund is a simple one: if the Court grants the Motion to Dismiss filed by the other Epsilon and Westford Defendants, then the claims against Epsilon II Feeder Fund should be dismissed as well. The Trustee asserts Epsilon II Feeder Fund asks this Court to hold that its status as a feeder fund to another defendants provides grounds for dismissal. Plaintiff's Supplemental Memorandum in Opposition to Defendants' Motions to Dismiss at 2 and 20. But that is not the position of Epsilon II Feeder Fund. Rather Epsilon II Feeder Fund contends that because 1) there are no allegations that it received any transfers from PCI or PL, and 2) if it received any transfers indirectly from PCI or PL the monies necessarily came from one of the Epsilon Defendants, then if the Trustee has failed to state a claim against the other Epsilon Defendants he has necessarily failed to state a claim against the Epsilon II Feeder Fund. Consequently, in the event that the Court dismisses the Trustee's claims against the Epsilon Defendants, or even just those claims Epsilon Global Active Value Master Fund II, L.P., it must also dismiss the Trustee's claims against Epsilon II Feeder Fund.

For the foregoing reasons, Epsilon II Feeder Fund respectfully requests that the Court dismiss the claims brought by the Trustee against it in this adversary proceeding.

Dated: May 13, 2011

BRIGGS & MORGAN, P.A.

By: /s/ Richard D. Anderson
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Marcus A. Ploeger (#390172)

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Fund II, Ltd.*

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Plaintiff,

vs.

ADV. NO. 10-04396

Westford Special Situations Master Fund, L.P.;
et al.,

Defendants.

CERTIFICATE OF SERVICE

I, Marcus A. Ploeger, certify that on May 13, 2011, I caused the Reply Memorandum in Support of Epsilon II Feeder Fund's Motion to Dismiss to be electronically filed with the Bankruptcy Court through ECF, and that ECF will send an e-notice of the electronic filing to the following per the Court's mailing list provided through ECF:

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I further certify that I caused a copy of the foregoing documents to be sent via U.S. Mail to the following non-ECF participants:

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Dated: May 13, 2011

/s/ Marcus A. Ploeger

Marcus Ploeger